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SUBJECT: IRAQI NSC JUNE 22 REVIEWS RECONSTRUCTION EFFORTS,
PROGRESS OF HIGH LEVEL WORKING GROUP, PROVINCIAL IRAQI
CONTROL, ANTI-COUNTERFEITING

REF: BAGHDAD 1693

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d)

¶1. (S REL UK AS) Summary: Prime Minister Nuri al-Maliki chaired June 22 the National Security Council (NSC) that reviewed reconstruction efforts in Basra, Sadr City, and Mosul. (Note: Minister of Defense Abdul Qadr, Minister of Interior Jawad al-Bulani, Minister of Foreign Affairs Hoshyar Zebari, and Minister of Finance Bayan Jabr were absent. Bulani sent his deputy. End note.) The Iraqi Ground Forces Commander (IGFC), Babakir Shawkt, provided a short overview of operations in Amarah, Maysan Province. The council also reviewed progress to date of the High Level Working Group (HWLG), deciding to transfer most of its projects to line Ministries, though not dissolving it at this time so that it can continue working on issues not readily subsumed in one ministry. The council also reviewed anti-counterfeiting measures and the Iraqi Ministry of Interior's need for supplemental funding. End Summary.

Opening call for Support

¶2. (S REL UK AS) The PM opened the meeting, the first since June 1, with a reminder to the council that efforts to secure and stabilize Diyala and Ninewa must not be forgotten while work in Sadr city and Basra continues. He noted the need to discuss the difficulties to be faced in resolving the security situation in these provinces, in particular in Diyala province. The IGFC noted that LTG Riyadh in Mosul needed support for his operations in Ninewa. It was also noted that 250 trailers were needed for checkpoints.

Maysan (Amarah) Operations

¶3. (S REL UK AS) The IGFC briefly described the success of the Iraqi Security Forces (ISF) in Amarah, noting that numerous weapons caches had been discovered, at least one including a 240 mm rocket and weapons in an office of the Organization of the Martyr Sadr (OMS). He said the ISF had not tried to display the OMS cache to the press, but that journalists embedded with the ISF had seen and reported the discovery. Crates of smaller rockets as well as an IED manufacturing site had also been discovered. He noted that there had been 31 arrests, including five local government officials. Thus far, there had been no resistance to ISF search and clearing operations. The Minister of State for national Security, Shirwan Waeli, confirmed the IGFC's comments and noted that evidence from the OMS office revealed that Jaysh al-Mahdi (JAM) members had been plotting to use ambulances for attacks to transfer weapons and fighters.

¶4. (S REL UK AS) Multi-National Forces Iraq (MNFI) Commanding General David Petraeus applauded the success thus far, noting that over 1400 mortar rounds, 300 rockets, and 575 artillery rounds had been confiscated. He underlined the importance of removing the caches of illegal weapons and ammunition from the province so that if militia members return, they will not be as heavily armed. He called attention to some of the graffiti on an Amarah bridge, in particular a dialogue in which the militia wrote that it would return and an Iraqi soldier replied that the ISF would be waiting for them. General Petraeus called on the Iraqi leadership to publicize the fact that the JAM Special Group (SG) leaders had fled to Iran, deserting their men in Amarah. In reply to issues the

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Deputy Director of the Iraqi National Intelligence Service had raised, General Petraeus reminded the council that cutting off the sources of funds to the militias would be the next crucial step. He noted that operations in Sadr City had stopped extortion rackets that the SGs had used to fund their activities - measures to cut off funds to militias in Basra, Amarah and to Al Qaeda in Iraq (AQI) must also be pursued, he insisted.

¶5. (S REL UK AS) The PM concurred and raised the need to stop smuggling on the borders. He cited the theft and sale of copper wire and the extortion of oil delivery trucks as examples of lucrative criminal activities that were helping militias and terrorist organizations.

Reconstruction: Basra

¶6. (S REL UK AS) The PM asked for a read out of reconstruction and humanitarian assistance efforts in Basra, noting that the 100 million dollars earmarked for Basra post-security operations must be spent now on humanitarian assistance and improving health care, electricity delivery, and trade. He reminded the council that these funds were for special projects, not a portion of the provincial budget allocation.

¶7. (S REL UK AS) When Basra reconstruction special coordinator Safa al Safi began to describe the multiple working groups he had established to evaluate project proposals, the PM cut him off to ask what he had done beyond planning. Safi replied that he had hired 14,000 persons to implement 55 projects. They had already started clean-up projects, not only in Basra but in its periphery as well. He listed 20 health projects, six water projects, a project to dredge of the river, educational projects, upgrades to the Basra electrical network, and 25 sports facilities as significant projects underway or to be underway soon. He called this only a summary of the projects. Deputy Prime Minister (D/PM) Barham Salih sought assurance that these were all government projects, not private initiatives. Safi insisted that they were government-funded projects.

¶8. (S REL UK AS) Regarding compensation claims, Safi noted that there were relatively few claims for damages, injuries, or deaths. Responding to the PM, the IGFC stated that there was a surplus of recruits for the ISF and that the ISF would thoroughly vet the candidates, retaining only those who were qualified. The PM encouraged him to look favorably on those from tribes whose leaders had stood with GOI forces against the militias.

¶9. (S REL UK AS) General Petraeus commended the projects that Safa al Safi briefed thus far and suggested that the PM should visit Basra soon to honor those who had died fighting for Iraq. The PM took the point and indicated immediately that he would convene a Cabinet meeting in Basra soon. (Note: The next day the PM flew to Amarah, Maysan Province to show support to the ISF engaged in operations there. End Note.)

Reconstruction: Sadr City

¶10. (S REL UK AS) Sadr City special coordinator Haqq al-Hakim noted that fighting in Sadr City had caused extensive damage and the loss of over 800 lives. (Note: General Petraeus later reminded the council that approximately 70 of these dead were militia fighters. End Note.) Families of the dead and the injured were calling for compensation. Hakim reported that he had hired 5,000 people to clean up areas of Sadr City and that he had a list of projects about to start. He highlighted work to commence to refurbish 51 schools, new health centers, and installation of about 1,300 solar-powered streetlights. In addition, work was underway or would soon start on improved delivery of water, sewerage service, and electricity.

¶11. (S REL UK AS) Reflecting impatience with progress to date, the D/PM told Hakim to forget about soliciting grants - "get to work and the government will pay for it," he added. The D/PM later reiterated his points, telling Hakim to get the coordinator's office working now - forget the studies, he said, implement the projects were already planned.

¶12. (S REL UK AS) General Petraeus suggested that immediate

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compensation of about USD 10,000 should be offered to those whose homes were damaged by errant mortar fire. Later, the PM and the IGFC discussed the wisdom of moving people out of Sadr City - the crowding makes it harder to provide security and protect citizens from extortionists and criminals. The IGFC suggested there were many young men in Sadr City willing to serve in the Army - recruiting them would serve to prevent the return of gangs to Sadr City. The PM concurred but advised caution in selecting the candidates - General Babakir assured him that the ISF was being scrupulous in its recruitment and selection of quality candidates from the large pool of applicants.

Reconstruction: Mosul

¶13. (S REL UK AS) Special coordinator for Mosul reconstruction Zuhair Chalabi reported that he had started reconstruction efforts on June 2 with a goal to complete many of the projects within 90 days. He noted that he had started by hiring 15,000 workers in the first two weeks under six-month contracts. He added that an additional 4,000 had been hired subsequently as more activities began. The PM interjected that Chalabi should hire another 1,000 to make it an even 20,000. Chalabi replied, "I can do that - consider it done."

¶14. (S REL UK AS) Chalabi reported that they had begun dredging the river, had extended electricity to 5,000 houses, and repaired or started to repair numerous mosques and

churches. He emphasized that he was focusing on the poor areas of Mosul, but that some projects in the outskirts of the city were also underway. He assessed the greatest need was the rehabilitation of one main stretch of road lined with shops - he predicted that commercial activity would return once the street was repaired. He had hired three crews to work in coordination on the road from both ends and the middle, thereby accelerating the repairs; he expected completion of the road rehabilitation within 90 days. He also noted the importance of paving narrow streets and alleyways in the poor sections of Mosul to make it easier for the poor to move about their area.

Mosul Airport

¶15. (S REL UK AS) Chalabi sparked several comments when he mentioned the need to re-pave the road to the airport. The PM noted the need for an airport hotel to attract businessmen; the MSNS cited difficulty in fuel deliveries as a delaying factor. The PM told the council to get the fuel from the Baiji refinery. Several members of the council noted that the security contract for the airport had been tendered, awarded, abandoned, and then re-awarded - this had caused delays in full use of the airport. Picking up the PM's point about business travelers, General Petraeus noted that once a reliable private security contractor was hired to manage airport security, the businessmen would come for the opportunities available in Mosul.

Amarah Briefly

¶16. (S REL UK AS) In a brief interruption of the agenda, the PM noted that money for Amarah's reconstruction and development should be solicited from the cabinet.

PIC Ceremonies

¶17. (S REL UK AS) NSA Dr. Rubaie drew the council's attention to documents outlining the preparations for ceremonies marking the transfer of security affairs to Provincial Iraqi Control in Anbar and Qadisiyah on June 28 and 30, respectively. The PM's only comment was to observe that the costs for the ceremonies were quite high.

High Level Working Group

¶18. (S REL UK AS) The NSA presented his recommendation on closing the High Level Working Group (HLWG), asserting that most of the remaining issues could be subsumed under a line ministry. He noted, however, that some of the issues before the HLWG had not yet been resolved fully. After discussion, the Council agreed that the HLWG should continue in a reduced

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form, retaining authority only over those issues that could not be placed easily in the portfolio of one ministry.

¶19. (S REL UK AS) The discussion of the HLWG's status led to several comments on the need to better define the authorities in the national security framework. The most revealing of these was IGFC General Babakir Shawkt's complaint that between his Chief of Staff and the intelligence directorate activities, he had little to do, asking, "Who does what?" and "What do I do?" The PM directed the NSA and others to resolve the issues.

Ministry of Interior Funding

¶20. (S REL UK AS) The Deputy Minister of Interior called for a substantial increase of funding, citing the much greater number of personnel in the MOI this year over last year,

including the Facilities Protection Service (FPS) personnel. He noted an increase in MOI personnel of 100,000. Fuel costs were also much higher. After a few minutes of discussion, General Petraeus recommended that the most fruitful approach would be for the D/PM to work with the Ministries of Interior and of Finance to transfer funds from other ministries and develop a supplemental funding package for MOI. The PM and council members agreed.

Anti-Counterfeiting Efforts

¶21. (S REL UK AS) Dr. Tariq, head of the anti-counterfeiting commission, delivered a report on anti-counterfeiting efforts. The council accepted the report. The PM observed that the Central Bank of Iraq should be engaged and that a redesign of Iraqi banknotes presented an opportunity to remove several zeros from the notes. Dr. Tariq replied that the CBI was fully engaged and that the redesign could certainly involve dropping three zeros from the current design. The conversion to new banknotes would be done to avoid disrupting the economy. The MSNS observed that the counterfeiters were working with Syrians and that the Government of Syria had done nothing to help the GOI in this regard. He also noted that the counterfeiters were also making false documents as well as counterfeits U.S. Dollars, Turkish Liras, and Iraqi Dinars.

¶22. (S REL UK AS) Wrapping up, Prime Minister Maliki observed that the counterfeiters had opened another war on Iraq, but that fighting several wars "keeps us on our toes."
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